

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION**

IN RE:	§	Case No. 19-34508
	§	
SANCHEZ ENERGY CORPORATION, et. al.	§	Chapter 11
	§	
Debtors	§	
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	§	
SUNBELT TRACTOR & EQUIPMENT	§	
COMPANY,	§	
Plaintiff,	§	
	§	
	§	
	§	Adversary Proceeding. No. _____
v.	§	
	§	
	§	
DIMENSION ENERGY SERVICES, LLC	§	
SANCHEZ OIL & GAS CORPORATION,	§	
SANCHEZ ENERGY CORPORATION,	§	
SECO PIPELINE, LLC,	§	
SANCHEZ MIDSTREAM PARTNERS LP,	§	
SANCHEZ MIDSTREAM PARTNERS	§	
GP LLC	§	
Defendants.	§	
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NOTICE OF REMOVAL

COMES NOW, SUNBELT TRACTOR & EQUIPMENT COMPANY (“Sunbelt” or “Plaintiff”), and respectfully submits this notice of removal (the “Notice of Removal”), and removes the following actions to the Bankruptcy Court for the Southern District of Texas, Houston, Division, through referral by the United States District Court for the Southern District of Texas, Houston Division, pursuant to General Order 2012-6:

- Case No. 18-08-00177- CL, *Sunbelt Tractor & Equipment Company v. Dimension Energy Services, LLC, Sanchez Oil & Gas Corporation, Sanchez Energy Corporation, Seco Pipeline, LLC, Sanchez Midstream Partners LP, Sanchez Midstream Partners GP LLC*, In the 81st Judicial District Court of La Salle County, Texas (the “La Salle County Litigation”);
- Case No. 2018-CVI001651D1, *Sunbelt Tractor & Equipment Company v. Dimension Energy Services, LLC, Sanchez Oil & Gas Corporation, Sanchez Energy Corporation, Seco Pipeline, LLC, Sanchez, Midstream Partners LP, Sanchez, and Midstream Partners GP LLC*, In the 49th Judicial District Court of Webb County, Texas (the “Webb County Litigation”).

The La Salle County Litigation and Webb County Litigation are collectively herein referred to as the “State Court Litigation.”

I. SUMMARY

1. The basis for removing the State Court Litigation is “related to” jurisdiction under 28 U.S.C. § 1334. In April 2018, Sunbelt filed suit (in La Salle County and Webb County, Texas) against Dimension Energy Services, LLC, Sanchez Oil & Gas Corporation, Sanchez Energy Corporation, Seco Pipeline, LLC, Sanchez Midstream Partners LP, Sanchez Midstream Partners GP LLC in relation to unpaid rental fees for equipment leased by Dimension Energy Services, LLC - the original contractor in a project to construct an approximate 160,000 LF of 20" heavy wall X-70 pipe in in LaSalle and Webb Counties, Texas (the “Project”). The Project was commissioned by Debtor Sanchez Energy Corporation, and related entity Sanchez Oil & Gas Corporation.

2. The State Court Litigation may be properly removed because the State Court Litigation contains lien claims to pipeline and easement property to which the Chapter 11 Debtors may hold a legal or equitable interest.

II. JURISDICTION AND VENUE

3. The United States Bankruptcy Court for the Southern District of Texas (the “Bankruptcy Court”) has jurisdiction over the subject matter of this proceeding pursuant to 28 U.S.C. §§ 1334, 1441, and 1452 and rule 9027 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and rules 9027-1 and 9027-2 of the Bankruptcy Local Rules for the Southern District of Texas (the “Bankruptcy Local Rules”).

4. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

III. BACKGROUND

A. The Bankruptcy Proceeding

5. On August 11, 2019, Debtors Sanchez Energy Corporation, SN Palmetto, SN Marquis LLC LLC, SN Cotulla Assets, LLC, SN Operating, LLC, SN TMS, LLC, SN Catarina, LLC, Rockin L Ranch Company, LLC, SN EF Maverick, LLC, and SN Payables, LLC (the “Debtors”) filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The §341(a) Meeting of Creditors was held on October 10, 2019. On or about August 12, 2019, Debtor Sanchez Energy Corporation filed Suggestions of Bankruptcy and Notice of Stay in the State Court Litigation, all proceedings in the State Court Litigation are currently stayed.

B. The State Court Litigation

6. In April 2018, Sunbelt filed suit (in La Salle County and Webb County, Texas) against Dimension Energy Services, LLC, Sanchez Oil & Gas Corporation, Sanchez Energy Corporation, Seco Pipeline, LLC, Sanchez Midstream Partners LP, Sanchez Midstream Partners GP LLC.

7. Dimension Energy Services, LLC was the original contractor under a contract with Sanchez Oil & Gas Corporation and Sanchez Energy Corporation to construct an approximate

160,000 LF of 20" heavy wall X-70 pipe of the Seco pipeline in LaSalle and Webb Counties, Texas (the "Project"). In connection with the performance of the contract, Dimension Energy Services, LLC entered into an agreement with Sunbelt for Sunbelt to lease equipment for the Project to Dimension. Sunbelt completed its work for Dimension Energy Services, LLC on the Project, but Dimension Energy Services, LLC has failed and refused to pay Sunbelt the principal sum due Sunbelt of \$334,349.04.

8. In December, 2017, Sunbelt filed Lien Affidavits under Chapter 56 of the Texas Property Code in the real property records of La Salle County, Texas and Webb County, Texas in the amount of \$334,349.04 for the amounts due Sunbelt on the Project (the "Lien"). The property subject to the Lien Affidavits (a pipeline and easement) lies partially in La Salle County, and partially in Webb County. More than 10 days prior to filing the Lien Affidavits, Sunbelt sent all Defendants by certified letter notice of the intent to file the Lien pursuant to Section 56.021 of the Texas Property Code. Sunbelt's claim remains unpaid.

9. In addition to seeking monetary relief from Dimension Energy Services, LLC in relation to the unpaid equipment lease fees, Sunbelt was also asserting claims against Sanchez Oil & Gas Corporation, Sanchez Energy Corporation, Seco Pipeline, LLC, Sanchez Midstream Partners LP, Sanchez Midstream Partners GP LLC, as the owners or reputed owners of the Project, for foreclosure of its lien together with an order of foreclosure and sale and a writ of possession.

10. Debtor Sanchez Energy Corporation (along with the other affiliated Defendant entities) filed a crossclaim against Dimension Energy Services, LLC in the State Court Litigation.

11. Through the discovery process, Sunbelt believes that the actual owners of the subject Project are non-Debtor defendants Sanchez Midstream Partners LP, and SECO Pipeline,

LLC. However, Defendants’ counsel in the State Court Litigation have asserted that the Project may have ties to the Chapter 11 Debtors, and may be part of the Chapter 11 Bankruptcy Estate.

IV. BASIS FOR REMOVAL

12. Pursuant to 28 U.S.C. § 1452, any party to a claim or cause of action may remove the claim or cause of action to the federal district court where such civil action is pending if such district court has jurisdiction of such claim or cause of action under 28 U.S.C. § 1334. Section 1334 provides that the “district courts shall have original but not exclusive jurisdiction of all civil proceedings arising under title 11, or arising in or related to cases under title 11.” 28 U.S.C. § 1334. “For jurisdictional purposes, it is not necessary to distinguish whether a matter ‘arises under’, ‘arises in’ or is ‘related to’” a bankruptcy proceeding. *Satterwhite v. Guerrero (In re Guerrero)*, No. 12-35341, 2013 WL 6834642, at *5 (Bankr. S.D. Tex. Dec. 20, 2013) (citing *Wood v. Wood (In re Wood)*, 825 F.2d 90, 92 (5th Cir. 1987)). Instead, the Court “need only . . . determine if the matter is at least ‘related to’ the pending bankruptcy case.” *Id.* The standard for “related to” jurisdiction is broad. “Cases ‘related to’ the bankruptcy case are those whose outcome would have conceivable effect on the estate being administered in bankruptcy.” *In re Morrison*, 555 F.3d 473, 479 (5th Cir. 2009). A “conceivable effect” is a proceeding that “could alter the Debtor’s rights, liabilities, options, or freedom of action (either positively or negatively) and which in any way impacts upon the handling and administration of the bankruptcy case.” *In re Guerrero*, 2013 WL 6834642, at *5 (quoting *Fire Eagle, LLC v. Bischoff (In re Spillman Dev. Group, Ltd.)*, 710 F.3d 299, 304 (5th Cir. 2013)).

13. The Bankruptcy Court has jurisdiction over the claims and causes of action in the State Court Litigation. The State Court Litigation includes crossclaims asserted by Debtor Sanchez Energy Corporation against Dimension Energy Services, LLC, and also seeks enforcement of lien

rights held by Sunbelt against property that the Debtors may have a legal or equitable interest in. Such claims in the State Court Litigation are “related to” the bankruptcy proceeding as the outcome of the State Court Litigation will have a “conceivable effect” on the Debtors as it is an action which will “alter the Debtor’s rights, liabilities, options or freedom of actions (either positively or negatively) and which in any way impacts upon the handling and administration of the bankruptcy estate.” *In re Guerrero*, 2013 WL 6834642, at *5.

V. PROCEDURAL COMPLIANCE

14. In accordance with Bankruptcy Rule 9027(a)(1) and Local Rule 9027-2, Sunbelt submits that the State Court Litigation is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (B),(C), (H), (K), and (O). However, and without waiving any rights to a jury trial, in the event this proceeding is held to be non-core or it is determined that the Bankruptcy Court, absent consent, cannot enter final orders or judgment consistent with Article III of the United States Constitution, Sunbelt fully consents to the entry of final orders or judgment by the Bankruptcy Court.

15. Pursuant to Local Rule 9027-1(a), the names and addresses of all parties, and their counsel are, as follows:

- Sanchez Oil & Gas Corporation is a Delaware corporation doing business in the State of Texas, registered agent - CT Corporation System, 1999 Bryan St., Suite 900, Dallas, TX 75201-3136.
- Sanchez Energy Corporation is a Texas corporation, registered agent - Felix R. Sanchez, 111 King’s Court, San Antonio, TX 78212.
- Seco Pipeline, LLC is a Delaware limited liability company doing business in the State of Texas, 1000 Main Street, Suite 3000, Houston, Texas 77002.
- Sanchez Midstream Partners LP is a Delaware limited partnership doing business in the State of Texas, 1000 Main Street, Suite 3000, Houston, Texas 77002.

- Sanchez Midstream Partners GP LLC is a Delaware limited liability company doing business in the State of Texas, 1000 Main Street, Suite 3000, Houston, Texas 77002.

The aforementioned parties' attorneys of record are:

Joel Z. Montgomery and Z. Alex Rodriguez
Shipley Snell Montgomery, LLP
712 Main Street, Suite 1400
Houston, Texas, 77002
Telephone: (713) 652-5920

- Dimension Energy Services, LLC is Delaware limited liability company doing business in the State of Texas, registered agent - Timothy H. Nesler, One Fluor Daniel Dr., Suite D1-7-50, Sugar Land, Texas 77478.

Dimension Energy Services, LLC's attorneys of record are:

Lisa M. Norman & Manuel P. Schoenhuber
Andrew Myers, P.C.
1885 St. James Place, 15th floor
Houston, TX 77056
Telephone (713) 850-4200

16. As required by Local Rule 9027-1(a), service of process has previously been accomplished on 10/25/2019. Furthermore, in accordance with 28 U.S.C. § 1452 and Bankruptcy Rules 9027(b) and 9027(c), Sunbelt is promptly serving a copy of this Notice of Removal on all parties to the State Court Litigation, and filing a copy of this Notice of Removal with the clerk of the court presiding over the La Salle County Litigation and Webb County Litigation. Finally, copies of all documents required to be filed pursuant to 28 U.S.C. § 1446(a), Bankruptcy Rule 9027(a)(1), and Local Rule 9027-1(b), including an index of such documents, are attached hereto as Exhibits 1 through 40.¹

¹ The Exhibits are voluminous. Counsel for Sunbelt will make the exhibits available upon request.

Dated: October 25, 2019

Respectfully submitted,
Hoffman & Saweris, p.c.

By: /s/ Alan Brian Saweris

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CERTIFICATE OF SERVICE

I hereby certify that on October 25, 2019, a true and correct copy of this Notice of Removal was served of (i) all parties registered to receive ECF notification in the above captioned case or (ii) by first class U.S.P.S. mail on all parties on the attached Mailing List

/s/ Alan Brian Saweris

Alan Brian Saweris